



Electric Power Supply Association  
*Advocating the **power** of competition*

1401 New York Avenue, NW  
11th Floor  
Washington, DC 20005

202/628.8200  
202/628.8260 fax  
[www.epsa.org](http://www.epsa.org)

**John E. Shelk**  
President and CEO

May 5, 2010

The Honorable Steven Chu  
Secretary of Energy  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

The Honorable Lisa P. Jackson  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

Dear Secretary Chu and Administrator Jackson:

On behalf of the member companies of the Electric Power Supply Association (EPSA), I would like to commend you for holding the first public meeting of the President's Interagency Task Force on Carbon Capture and Storage (Task Force) tomorrow, May 6, 2010.

EPSA is the national trade association representing competitive power suppliers, including generators and marketers. The competitive power sector operates a diverse portfolio that represents 40 percent of the installed generating capacity in the country, with even higher percentages in key regional wholesale electricity markets.

EPSA members include both independent power producers as well as competitive generation affiliates of holding companies whose other subsidiaries include an electricity distribution utility. EPSA was the first multi-fuel electric sector association to go on record in January 2007 as supporting enactment of mandatory, federal and market-based policies to reduce greenhouse gas (GHG) emissions.

Competitive power suppliers are directly responsible for the development of efficient combined cycle natural gas-fired combustion turbines and combined heat and power plants, the more efficient operation of nuclear and coal-fired facilities as wholesale competition was introduced, and the construction and operation of a wide range of renewable energy technologies. Each of these fuel sources can have an important role to play in meeting future electricity needs while achieving the nation's environmental and related GHG emissions reduction goals. Furthermore, competitive suppliers built almost all of the new power generation in the past decade or so. There is no doubt that going forward the nation's electricity infrastructure will include facilities that will require carbon capture and storage (CCS) technologies, including those of EPSA members. Accordingly, several EPSA members are actively pursuing CCS-related projects. Therefore, I thank you for the timing and substance of tomorrow's first public Task Force meeting.

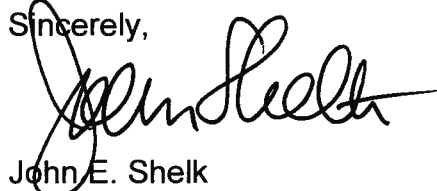
EPSA understands that the Task Force's objective is to develop a comprehensive plan to overcome existing barriers to the widespread, cost-effective deployment of CCS within 10 years, with a goal of bringing up to 10 commercial demonstration projects online by 2016. Specifically, the plan will explore incentives for commercial CCS adoption and address any financial, economic, technological, legal, institutional, social, or other barriers to deployment.

In this regard, EPSA strongly urges each of you and the other Task Force members to expressly ensure parity of opportunity between competitive power suppliers and traditional rate-regulated vertically-integrated utilities as the Task Force develops a plan for submission to the President this August. Competitive power generators have every incentive to successfully deploy new innovative technologies while containing costs. Under the competitive business model, investors, not ratepayers, generally bear more of the risks associated with new projects. No doubt any developer of the first CCS projects may require assistance. However, recent state level developments on CCS projects in traditionally rate-regulated, vertically-integrated states such as those in Indiana and Mississippi are evidence of the need for competitive power suppliers to help move CCS technologies forward with appropriate federal assistance.

EPSA continues working with Congress to ensure that any pending legislative proposals allow the competitive power sector to be considered fairly and fully for federal funding, loan guarantees and any other incentives designed to promote large scale investment in new CCS infrastructure. We have had to remain vigilant to address intended or unintended legislative provisions that would unfairly tilt assistance only or primarily to traditional rate-regulated vertically integrated utilities. Any such inequitable treatment runs counter to the nation's bipartisan policy in support of wholesale power competition. Thankfully, Congress has been open to working with us to address our concerns. The challenges are too great not to tap the competitive power sector's proven track record of success.

Ultimately, it is critical that all generators, competitive and rate-regulated, have equal footing when it comes to consideration by federal entities of proposals that will help spur commercial deployment of critical CCS technologies as the nation advances towards a low-carbon economy. As the Task Force moves forward with developing its comprehensive plan, I ask that you consider EPSA a resource for addressing the needs and capabilities of the competitive power sector when it comes to CCS policies and issues. Thank you for your consideration of EPSA's views in this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Shelk", written over a circular stamp.

John E. Shelk  
President & CEO  
Electric Power Supply Association